

LAND MANAGEMENT

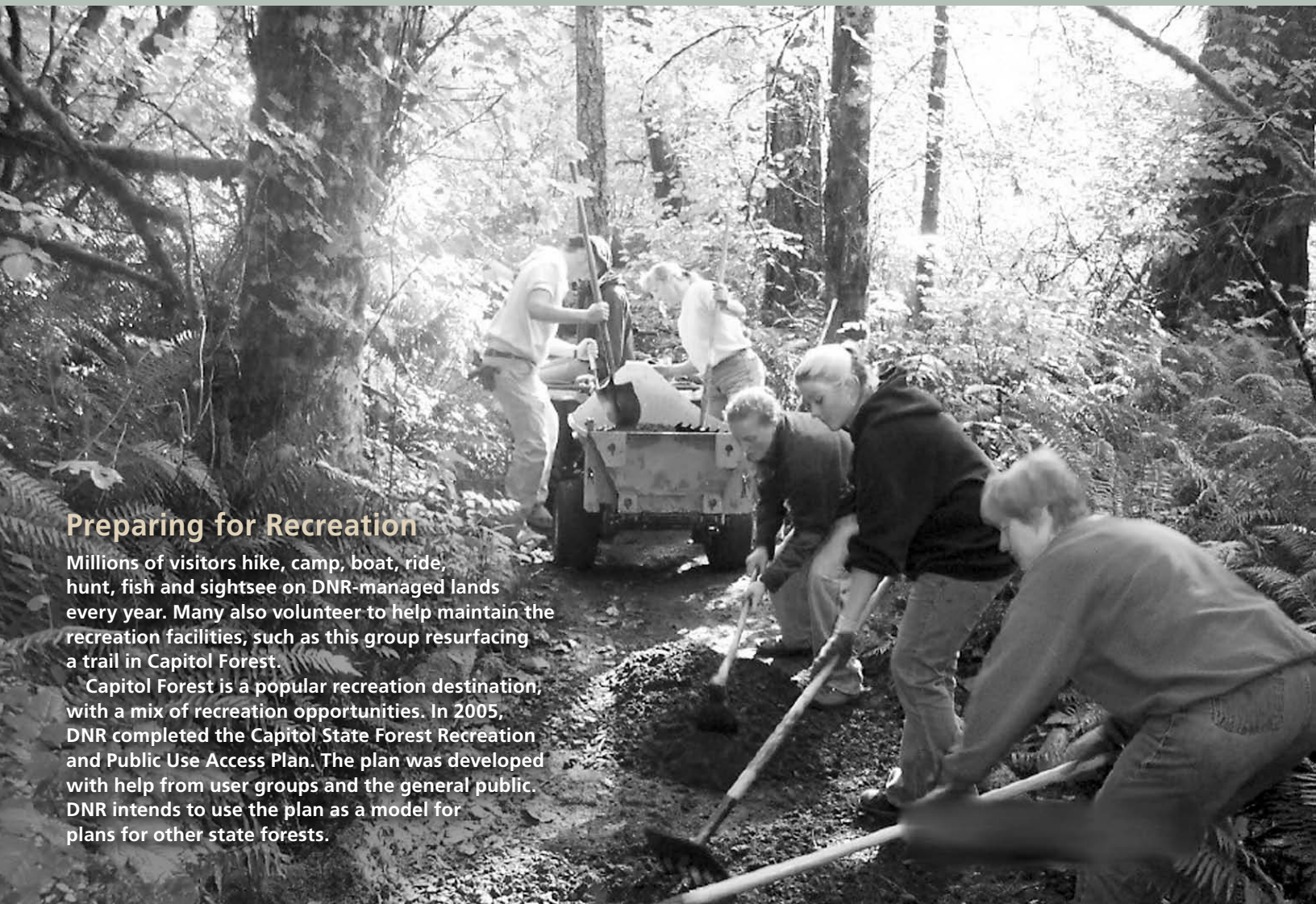
Caring for a legacy, creating a future

Since statehood, Washington's legacy of trust lands has been handed down from one generation to the next. The work of managing this legacy across time, across landscapes and across the state requires DNR to look to the future, respond to the present and learn from the past. And it requires enhancing and protecting the lands so that benefits continue to flow from them.

Preparing for Recreation

Millions of visitors hike, camp, boat, ride, hunt, fish and sightsee on DNR-managed lands every year. Many also volunteer to help maintain the recreation facilities, such as this group resurfacing a trail in Capitol Forest.

Capitol Forest is a popular recreation destination, with a mix of recreation opportunities. In 2005, DNR completed the Capitol State Forest Recreation and Public Use Access Plan. The plan was developed with help from user groups and the general public. DNR intends to use the plan as a model for plans for other state forests.



CHRISTINE M. REDMOND / DNR

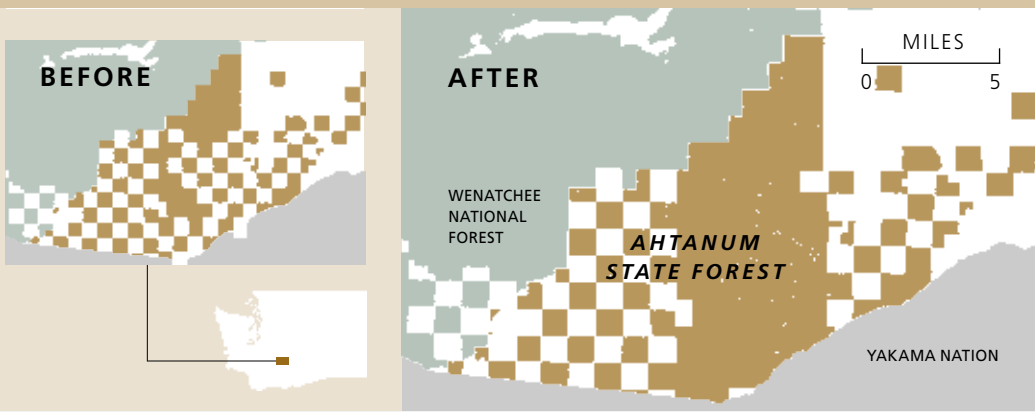


ILLUSTRATION BASED ON MAPS BY JILL JOHNSON / DNR

◀ Consolidating areas of 'checkerboard' ownership, such as in the newly named **Ahtanum State Forest**, can reduce land management costs—especially for boundary maintenance and access. With consolidated and less fragmented ownerships, DNR can manage at a landscape level, with a more holistic approach across watersheds.

UPLAND TRUST LANDS

Using Tools Effectively

LAND EXCHANGES

Exchanging land with other landowners is one tool DNR uses to put trust assets in a better position to benefit the trusts and reduce management costs.

In the Ahtanum Land Exchanges, DNR traded about 3,000 acres of scattered trust lands for about 12,000 acres of equal-value private forestlands. This consolidated 35,000 acres of Common School trust land in a large area of checkerboard ownership near Yakima and created the Ahtanum State Forest. It also consolidated trust lands near Cle Elum. The consolidations let DNR manage more effectively across the landscape for revenue, recreation and wildlife habitat. Partners in the exchanges included Plum Creek Timber Company and Elk Haven Tree Farms, LLC, as well as the Rocky Mountain Elk Foundation, which helped with transaction costs.

In the Blue Mountains, another area of checkerboard ownership, opportunities for consolidating trust lands were limited. So, DNR chose to exchange 9,000 acres of scattered trust lands there for 5,000 acres of private lands in two large blocks elsewhere, which have more value for the trusts.

In 2006, DNR will request legislative support to make land exchanges even more effective, as recommended by the Independent Review Committee in 2004.

FOLLOWING UP ON THE INDEPENDENT REVIEW

In December 2004, an Independent Review Committee appointed by Commissioner Sutherland provided recommendations concerning the effectiveness and efficiency of DNR's trust land management, and ways to enhance revenue to the trusts. In 2005, DNR worked toward implementing those recommendations.

CARL COOK



The committee had determined additional management funds would be needed to implement the 2004

sustainable harvest calculation. This added investment in trust lands would help implement the environmental protections in the Habitat Conservation Plan (HCP) and lead to more total net revenue to the trusts over the next decade.

Through a budget proviso, the 2005 Legislature authorized a two-year increase in the management fee for the granted upland trust lands. The fee is the share of income from trust lands that goes to fund DNR's management of them. The Board of Natural Resources then approved the temporary increase, raising the fee from 25 percent to 30 percent.

➕ 3 million acres of forests, crop lands, range lands, and commercial properties managed to perpetually support state trusts for public schools, universities and institutions, and for county governments and services.

UPLAND TRUST LANDS

Supporting Sustainability

SUSTAINABLE HARVEST LEVEL

DNR used a Sustainable Forestry model to guide the implementation of the HCP standards and set the Sustainable Harvest for the next decade. In the fall of 2004, the Board of Natural Resources unanimously adopted the new Sustainable Harvest level. The Final Environmental Impact Statement (FEIS), part of the information upon which the Board based its decision, was legally challenged shortly thereafter.

While the court did not question the wisdom of the Board's action nor the policies that the Board adopted, in September 2005 the court did find part of the FEIS inadequate.* DNR is seeking to resolve the issues identified about the FEIS, and is exploring all options in an effort to find outcomes that meet both the trust duties and Board-approved environmental commitments. While this matter is being resolved, DNR will hold timber sales to the previous sustainable harvest limit and standards.

*As this report goes to press, the court's decision has not yet been reduced to a final ruling.

POLICY FOR SUSTAINABLE FORESTS

Following the 2004 adoption of the Sustainable Harvest Level, DNR proceeded to develop the Policy for Sustainable Forests. This update of the 1992 Forest Resource Plan provides needed direction from the Board of Natural Resources for DNR to effectively and sustainably manage the forested trust lands for the trust beneficiaries and the people of Washington, today and into the future.

In 2005, DNR gathered input at six public meetings held across the state and anticipated taking the Policy to the Board for approval in November 2005. With the ruling on the Sustainable Harvest FEIS (see above), the Policy is being held until legal issues are settled, to determine if any changes in the Policy's FEIS need to be made before the Policy is acted on by the Board. However, in July, as part of its deliberations on the Policy, the Board did define its preferred alternative to defer harvest of old growth on state-owned trust lands in Western Washington.

SFI® PROGRAM CERTIFICATION

In May 2005, the forested trust lands DNR manages in Western Washington became "green" certified under the *Sustainable Forestry Initiative®* (SFI) program. Acceptance into the SFI® program was based on an independent third-party audit and review that confirmed DNR's forest management meets the SFI Standard. The standard addresses reforestation, water quality protection, wildlife conservation, visual quality, biological diversity, and effective use of forest resources.

SFI program certification is widely accepted by retailers and home builders that favor wood supplies from sustainably managed forests. DNR is seeking SFI program certification for the forests it manages in Eastern Washington as well.

LAKE WHATCOM

Early in 2005, Commissioner Sutherland appointed the members of the Lake Whatcom Interjurisdictional Committee. The committee is an integral component of the 2000 Lake Whatcom Legislation (E2SSB 6731) as well as the resulting Board of Natural Resources' adoption of the the Lake Whatcom Landscape Plan in November 2004. The purpose of the committee is to review and make recommendations to DNR about site-specific activities on state trust lands in the Lake Whatcom watershed.

By the end of the year, the committee had reviewed and indicated its support for the first timber sale proposed under the plan. Expected to go to the Board for approval in early 2006, the North Olsen timber sale (4 million board feet) will be the first from state trust lands around the lake since 1998. State timber harvests had been put on hold there by the Legislature in 1999, and again in 2000, until the plan was adopted and the committee was in place.

Note: E2SSB 6731 is currently the subject of litigation filed by Skagit County, Skagit County Public Hospital District No. 304, and the Mt. Baker School District No. 507.

2003-2005 BIENNIAL PERFORMANCE MEASURES

- ⊕ **Achieved 100% of timber sales volume target each quarter.**
- ⊕ **Increased timber revenues more than 10% per year through seasonal marketing, to a total of \$363 million for the biennium.**
- ⊕ **Converted more than 5% of dryland agriculture leases to direct seeding techniques, thereby reducing erosion.**
- ⊕ **Increased revenue from lands involved in transactions by \$1.4 million (toward a target of \$2 million, with some transactions pending).**



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UPLAND TRUST LANDS

Responding to Opportunity

RED MOUNTAIN AVA



After a decade of work to develop a new program, in 2005 DNR offered its first leases

in the Red Mountain AVA (American Viticultural Area), on trust lands acquired in a 1999 exchange with the Bureau of Land Management.

The four irrigated parcels of Common School trust land offered for lease are part of a small, focused grape-producing region. Some consider Red Mountain AVA to be the best red-grape-growing site in the state. Red Mountain AVA has been getting a lot of attention in the wine industry. DNR capitalized on this interest and published ads in trade journals, highlighting the features of the sites for lease.

In a move toward more integrated business planning, and involvement in both the commodity and production, DNR is anticipating lessees developing wineries in combination with grape vineyards.

OIL AND GAS LEASING

DNR employed new strategies leading to a very successful oil and gas lease auction in 2005—doubling the requisite minimum auction bids, placing graphic advertising in a prominent trade journal, retaining a professional auctioneer and, on the basis of DNR's knowledge of Washington geology, adding DNR-nominated acreage to the lists of industry-requested acreage.

These strategies, coupled with keen industry interest, resulted in a record average bid of \$17 per acre and more than \$1.8 million in trust revenues for the first year.

DNR is now in the process of developing vigorous marketing strategies for two auctions planned for 2006.

Fulfilling Obligations

HCP RIPARIAN RESTORATION STRATEGY

In 2005, DNR completed the Riparian Forest Restoration Strategy, which the U.S. Fish and Wildlife Service signed. The intent of the strategy is to protect and restore riparian areas along salmon-bearing streams and their tributaries on lands covered by the Habitat Conservation Plan (HCP). The strategy outlines the habitat objectives and site-specific management that DNR will use to accomplish that goal. The strategy focuses on creating a more complex structure and mix of species.

When DNR and federal agencies signed the HCP in 1997, the strategy was yet to be completed. Under the HCP implementation agreement, the strategy was to be developed when more scientific data could be gathered and assessed.

REPORT ON OLD GROWTH

The 2004 Legislature directed DNR to inventory old-growth forest stands—as defined by a panel of scientists—on the lands DNR manages. By applying an old-growth habitat indexing method to the data in DNR's Forest Resource Inventory System, stands likely to be old growth were identified. Field sampling is being used to verify their old growth status. In July 2005, DNR issued the results in a report by the panel: *Definition and Inventory of Old Growth Forests on DNR-Managed State Lands*.

To identify likely old-growth stands, the panel of scientists defined old growth as an ecological condition (not the specific age of forest stands). The panel identified four key characteristics of old-growth forests in Western Washington—large trees, large snags, volume of down woody debris, and tree size diversity. While this approach was successful on the westside, the panel found that data required for developing old growth definitions for Eastern Washington forests do not yet exist. DNR will try to collect the needed data and define old growth when it conducts a sustainable harvest calculation for DNR-managed lands east of the Cascade Crest.



JANE CHAVEY / DNR

AQUATIC LANDS

Removing Hazards

SKYKOMISH TRESTLE REMOVAL

A public/private partnership to remove a dangerous railroad trestle over the Skykomish River, near Monroe, combined removal of an upland hazard with aquatic habitat protection, and was timed to minimize impacts to the fall salmon run.

As steward of the bed of the Skykomish River, DNR took the lead in the permitting process and monitoring to protect water quality and habitat. Snohomish County helped find a removal method and helped pay for permitting. The City of Monroe assisted with permitting and access. The adjacent landowner also assisted with access. Cadman, Inc. did the actual removal.

The aging trestle had been damaged, was unusable and deteriorating. A collapse, particularly combined with flooding, could have had serious consequences, endangering life, property and newly restored habitat downstream. Removal of the trestle ensured an enhanced aquatic environment.

DERELICT GEAR TRAINING

Derelict fishing nets pose a risk to marine life, navigation and divers, who can become entangled in them. In a multi-agency, hands-on training, DNR's commercial dive team shared its expertise in removing derelict nets with U.S. Navy divers, who must deal with hazards that pose environmental risks or affect submarine or general navigation.

Net removal is a dangerous but critical task. The specialized training focused on a more efficient and safer method to remove the submerged nets. The training matched enhanced military readiness to an environmental restoration need, benefiting both the state and national security.

Other agencies and organizations involved in the training included the National Oceanic and Atmospheric Administration, U.S. Army Corps of Engineers, U.S. Fish and Wildlife Service, and Coastal America.

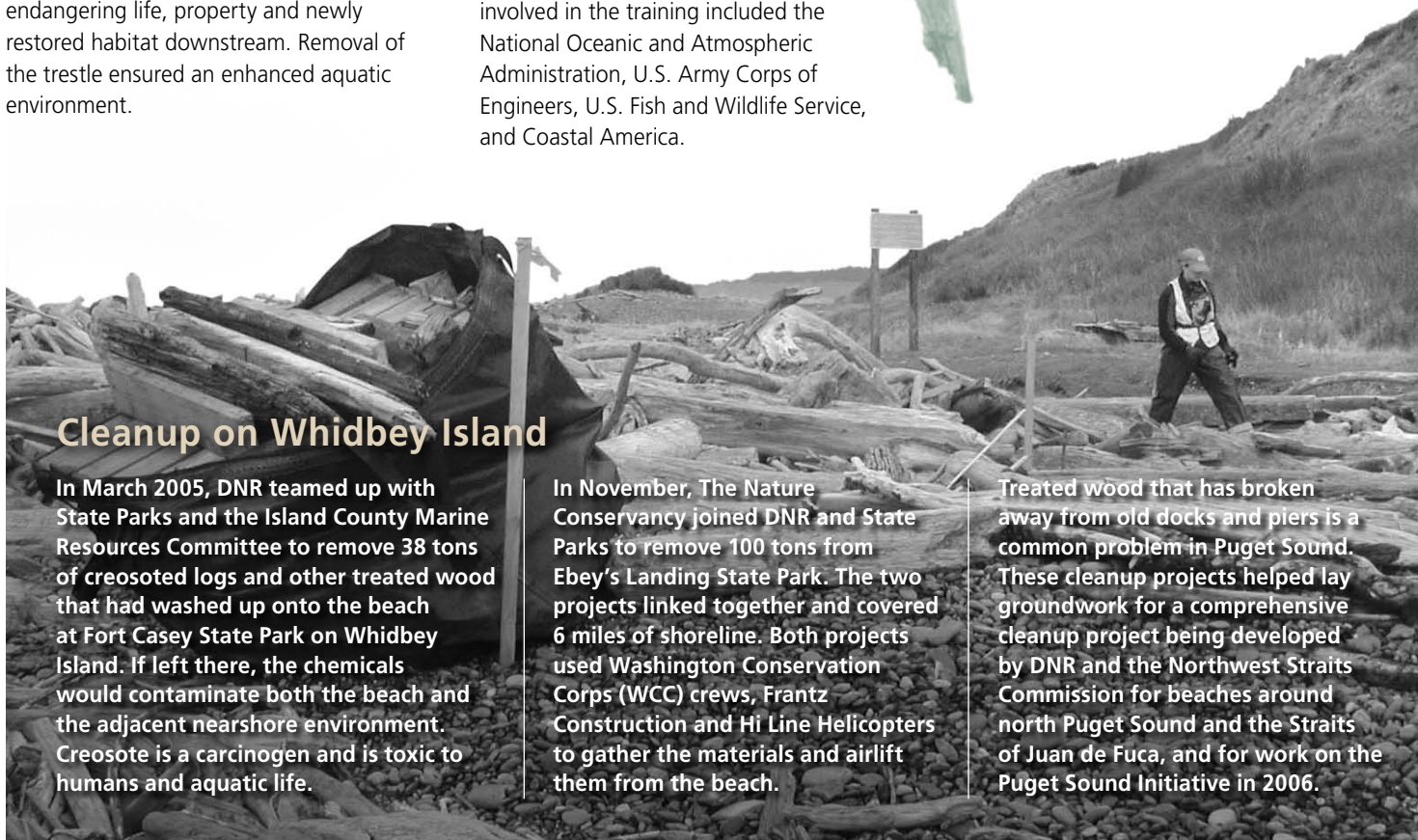
+ 2.4 million acres of tidelands, shorelands and beds of navigable waters, managed to benefit the public

Cleanup on Whidbey Island

In March 2005, DNR teamed up with State Parks and the Island County Marine Resources Committee to remove 38 tons of creosoted logs and other treated wood that had washed up onto the beach at Fort Casey State Park on Whidbey Island. If left there, the chemicals would contaminate both the beach and the adjacent nearshore environment. Creosote is a carcinogen and is toxic to humans and aquatic life.

In November, The Nature Conservancy joined DNR and State Parks to remove 100 tons from Ebey's Landing State Park. The two projects linked together and covered 6 miles of shoreline. Both projects used Washington Conservation Corps (WCC) crews, Frantz Construction and Hi Line Helicopters to gather the materials and airlift them from the beach.

Treated wood that has broken away from old docks and piers is a common problem in Puget Sound. These cleanup projects helped lay groundwork for a comprehensive cleanup project being developed by DNR and the Northwest Straits Commission for beaches around north Puget Sound and the Straits of Juan de Fuca, and for work on the Puget Sound Initiative in 2006.



WASHINGTON STATE PARKS

AQUATIC LANDS

Revising Rules for Clarity and Fairness

DISTRIBUTING HARBOR AREAS REVENUE

Some leases of aquatic lands are in designated harbor areas. The revenue from these leases generally goes into two accounts: one that pays for DNR's management and stewardship of state aquatic lands, and one that pays for grants for local projects for public access to aquatic lands and enhancement of aquatic habitat.

In 1971, the Board of Natural Resources set the share of revenue for the management account at 20 percent (25 percent is the maximum allowed under statute), but that amount doesn't accurately reflect the costs of administering and managing harbor areas today. DNR has proposed a rule change to increase the management account share to 25 percent, and is still considering input from stakeholders.

RENT REVIEW TIMELINE

Sometimes, lessees of state-owned aquatic lands have questions about their rental rates or are concerned about the accuracy of their rent calculation. State rules define a rent review process to address such concerns. However, at some levels of the review process, both lessees and DNR staff found there was not adequate time to prepare the needed filing materials or conduct the review.

In 2005, DNR proposed, and the Board approved, changes to the rules to increase

both the lessee filing time and DNR review time. The increased time is expected to improve the overall process, especially for larger, complex rent reviews.

WATER-DEPENDENT LEASE RENTS

DNR had found that there was some confusion about the rules that determine how lease rents are calculated for water-dependent uses on state-owned aquatic lands. Water-dependent uses are ones that cannot occur on uplands (e.g., marinas), but the assessed value of adjacent upland parcels is used in the formula for calculating water-dependent rents. (The formula discounts the value by 70 percent.)



In 2005, DNR proposed changing the rule to make it clear what parcel can be used for the calculation if the adjacent upland parcel has not been assessed or is not appropriate.

The Board of Natural Resources adopted the rule revision.

2003-2005 BIENNIAL PERFORMANCE MEASURES

- + Sold nearly 90% of the state's allowable share of geoducks.**
- + Processed 677 aquatic land use authorizations (e.g., leases), including a large backlog of applications, expirations and holdovers.**
- + Raised \$110,000 in matching funds for aquatic restoration projects.**

Taking the Next Step

AQUATIC RESERVES

Since the aquatic reserve program was initiated in 2000, DNR has steadily worked to firmly establish and refine it—setting program guidelines and establishing procedures for the future development of the program. In 2005, DNR continued this work, completing the management plan for the Maury Island Aquatic Reserve and beginning the one for the Cypress Island Aquatic Reserve.

AQUATIC LANDS | NATURAL AREAS

Woodard Bay

Special places inspire. Sometimes they inspire projects that test innovative ideas. The area around Woodard Bay near Olympia is such a place. In 1987, the Legislature designated it as one of the state's first four Natural Resources Conservation Areas (NRCAs). Now, with the help of funding from public and private grants, DNR and its partners are testing more new ideas there.

AQUATIC CONSERVATION LEASE

Below the waters near Woodard Bay, history is being made. In 2005, DNR leased ten acres of state-owned submerged lands to The Nature Conservancy (TNC) expressly for conservation purposes. Nearly two years in the making, the lease is the first of its kind in the nation.

For the next ten years, TNC will manage the lease site to restore habitat for and reseed Olympia oysters—a once plentiful, native species that has nearly vanished from southern Puget Sound. Olympia oysters were a fundamental part of the ecology of the sound. Restoring them at Woodard Bay can help improve the condition of Puget

Sound and improve habitat for other species.

The lease site was chosen partly because it is adjacent to the upland conservation area, which will help protect the water quality in the oyster bed.

UPLAND RESTORATION

DNR is restoring about 1.5 acres of shoreline habitat on Weyer Point in the Woodard Bay NRCA. In 2005, DNR removed several structures and non-native vegetation, and replanted the site with native plants. The structures removed included about 250 feet of bulkhead, an abandoned house and outbuildings.

Working with Olympia Salvage, a non-profit organization that promotes environmental sustainability by diverting building materials from the waste stream, DNR had the structures deconstructed rather than demolished. As a result, DNR was able to divert most of the materials from the landfill and put them back into the construction materials market.

DNR is monitoring not only the waste-stream diversion, but also the effect of the bulkhead removal and the success of the revegetation efforts. Monitoring will provide valuable information for future projects. Members of the Puget Sound Nearshore Ecosystem Restoration Project have supported the bulkhead removal and monitoring projects.

WEYER POINT

WOODARD BAY

Aquatic Lease Area

0 500 1,000 ft



NATURAL AREAS

Unique Lands and Resources

A wide range of climates and topography have shaped Washington's landscapes and ecosystems, making the state one of the most ecologically diverse in the nation. The work to conserve the state's natural heritage and biodiversity becomes more vital as population growth and development rapidly alter the natural landscape. And it requires DNR to seek out high-quality examples of this natural heritage and join with partners to protect what once was common but now is rare.

Looking Ahead

NATURAL HERITAGE PLAN UPDATE

As required by law, every two years DNR updates the Natural Heritage Plan. The plan provides a framework for a statewide system of natural areas to protect examples of the state's native plants, animals and ecosystems. The natural areas are owned and managed by a variety of public and private conservation partners. Most of the natural area preserves are owned and managed by DNR, which has the primary responsibility for the statewide system.

The 2005 plan update identifies changes in the priorities for protecting species and ecosystems since 2003. It also includes changes in the legal and policy context, the status of projects undertaken to implement the previous plan, and project priorities for DNR's Natural Heritage and Natural Areas programs for 2005-2007.



NAP MANAGEMENT PLAN

In 2005, the Natural Heritage Advisory Council approved the management plan for Kennedy Creek Natural Area Preserve (NAP) at the southern end of Puget Sound.

Kennedy Creek NAP protects high-quality, native salt marsh plant communities and is important habitat for juvenile salmon. The management plan includes changing access patterns at the site to protect the marsh, and development of an education area. The NAP management plan was developed with the support of local fishing organizations, Washington Department of Fish and Wildlife, the Squaxin Island Tribe and local citizens.

Putting Plans into Action

ADDING ACRES OR EXPANDING BOUNDARIES

In 2005, DNR acquired more than 15 acres from Ruth Kees, a longtime advocate for the preservation of the natural beauty of the Issaquah Basin Watershed, to be included in the West Tiger Mountain Natural Resources Conservation Area (NRCA). The acquisition was made possible with the help of the Cascade Land Conservancy and a grant from the Washington Wildlife and Recreation Program.

DNR also acquired the first acres for two Natural Areas established in 2003-2004—Washougal Oaks NAP/NRCA in Clark County and Stavis NRCA in Kitsap County. At DNR's request, the Natural Heritage Advisory Council and Commissioner Sutherland approved boundary expansions for Mima Mounds NAP in Thurston County and Methow Rapids NAP in Okanogan County.

NEW NATURAL AREA PRESERVE

A new NAP on Whidbey Island now protects 1 of only 11 known populations of golden paintbrush that exist in the world. The new Admiralty Inlet NAP is a collaborative project between DNR and the Whidbey Camano Land Trust. DNR and the land trust are working together on both acquisition and site management. Golden paintbrush recovery work at Admiralty Inlet NAP will be guided by a federally approved recovery plan for the species, which is protected under the Endangered Species Act.

Golden paintbrush



2003-2005 BIENNIAL PERFORMANCE MEASURES

- +** Partnered with site stewards and other volunteers on 50% of Natural Areas.
- +** Maintained or restored natural biodiversity on 54 Natural Area Preserves and Natural Resource Conservation Areas by controlling invasive species (weeds).